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MEMORANDUM FOR LIEUTENANT GENERAL BRENT SCOWCROFT  
THE WHITE HOUSE

Subject: President's Briefing by the Secretary:  
Food, Fertilizer and Population

Attached is a second revision of the paper on  
Food, Fertilizer and Population.

*George S. Springsteen*  
George S. Springsteen  
Executive Secretary

Attachment:

Revised Food Paper.

Drafted by: S/P:RMorris/S/PM:CNelson/EB:RService

Concurrence: S/WF - Amb. Martin

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## FOOD, FERTILIZER, POPULATION

### BACKGROUND

A peaceful world requires adequate food. The world population is almost 4 billion, increased by about 76 million in 1973, and at current growth rates (2%) will double in 35 years to 8 billion. With rising incomes diets improve, further adding to demand.

A 4 percent decline in world food production in 1972 -- the first absolute decline in 20 years -- triggered the present world food problem. Harvests in 1973 were good, but production this year has again been disappointing. World wheat and corn production in 1974 is down by 25 million tons.

World reserves are depleted. Food prices are at record or near-record levels. Efforts to rebuild stocks are hampered by a world shortage of nitrogenous fertilizer and high prices for all fertilizers. There is some concern that the world's weather may be shifting unfavorably. The drought across North-Central Africa and erratic monsoons in South Asia are indicators.

These trends and coincidences have focused attention on the food problem. At our initiative, the UN has scheduled a World Food Conference for this November. A World Population Conference was held in August.

The essential elements in a world food strategy, in which the US must play a leading part, are:

-- Increase global food production to meet the needs of an expanding global population.

-- To assure that we avoid past problems of large food surpluses which we were unable to market at prices which would not discourage new production, we need new ways to transfer real purchasing power to food deficit developing countries where the need for food exceeds both global production and effective demand.

-- Rebuild world food reserves to cover future bad crop failures and mitigate their disruptive impact on our domestic and world commercial markets.

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-- Provide better mechanisms for food aid to improve nutritional standards while retaining flexibility to use Title I-type food aid transfers to support important US foreign policy objectives.

## FOOD

### US STRATEGY/THE SITUATION NOW

A key element in our strategy is maximizing production. We have removed acreage restrictions. Had weather conditions been favorable, US production this year of most major commodities would have been well above previous records. The complementary priority is assistance to the LDCs to increase their agricultural output. For FY-75 we have requested \$676 million of AID funding for food and nutrition -- up from \$285 million planned in FY-74, and we must work with the new Congress to get as much of this as possible.

At the World Food Conference in November we hope to achieve international agreement on cooperative efforts to: (1) rebuild world food reserves; (2) increase food production in both developed countries and the LDCs; (3) provide food aid in emergency/disaster situations and (4) meet the needs of countries lacking foreign exchange for essential food imports.

We look to the Multilateral Trade Negotiations (MTN) as the main forum for reforming world agricultural trade to give increased commercial incentives for efficient production. Preparatory work is under way and substantive negotiations can begin when the Trade Bill is passed.

### ISSUES AND CHOICES

World and US domestic consciousness of food shortages has been sharpened over the past two years, affording us a unique opportunity to make a potentially historic breakthrough for both the US farmer and our international objectives. We seek to:

-- Maintain US agricultural output at maximum levels;

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-- Organize close cooperation among the main food exporting countries.

To sustain high levels of production without creating market depressing surpluses we need international commitments from the main importers and exporters to a new system of reserves (to be built up gradually), and from the rich countries as a whole (including the oil exporters) to devise an effective method of transferring real purchasing power to food deficit LDCs. The latter would both expand effective demand in LDCs and act to maintain commercial prices at levels which, even if lower than now, would still provide adequate incentive to farmers to maintain maximum production.

The main issues with respect to an international system of reserves are 1) the formula by which reserve-holding responsibility is allocated, and 2) the role of the US Government in holding or guaranteeing the US share. With respect to the transfer of purchasing power to the LDCs, the traditional funding of foreign assistance is unlikely to provide the level of resources required and we have not yet developed mechanisms for recycling oil exporters' financial surpluses to the LDCs on terms they can afford or responsibilities that the DCs, as intermediaries, are willing to accept. The resource transfer problem as it relates to food must be worked out in the larger context of international economic reform, in which world cooperation on energy supplies is also an important element.

#### NEXT STEPS

-- Outline the above approach in a speech to the World Food Conference in early November.

-- Following the Conference, begin negotiations with major importers and exporters on an international food reserve system and, as required by the progress of those negotiations, reach internal US Government decisions on US participation including the issue of Government-held stocks.

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-- Define more precisely our trade negotiations strategy and objectives in agriculture and integrate our food reserves strategy into them.

-- Early enactment of the FY-75 aid bill with increased assistance to agricultural production in the LDCs.

-- Final decisions on allocating our FY-75 food aid, to be made not later than the end of December.

### FERTILIZER

#### US STRATEGY/THE SITUATION NOW

The present world shortage of nitrogenous fertilizer is the result of low prices and little new plant construction in the late 60s and early 70s, coupled with a sudden increase in demand. High prices will stimulate new plant construction but there will be a 3-4 year time-lag. Since natural gas is the basic feedstock for nitrogenous fertilizer, the oil exporting countries are logical sites for these plants. The US has offered to provide technical assistance.

US strategy in the short run is to assist LDCs to make full use of their existing capacity and to take such steps as are possible to see they receive a fair share of world supply, 85 percent of which is produced in the DCs. The US is coordinating its bilateral efforts with the fertilizer assistance pool established by the Food and Agriculture Organization (FAO).

The third element of US strategy is to promote research into new fertilizers and their application, with particular reference to LDCs. AID planning and support for a World Fertilizer Institute is well along.

#### ISSUES AND CHOICES

The negative effect of fertilizer shortage on LDCs is considerably greater than on DCs, where application rates are high. In the LDCs one ton of fertilizer can add up to ten tons to food production. But there is strong domestic political pressure to be sure US fertilizer needs are met before exports to the LDCs are increased. The fertilizer industry wants to avoid export controls. Despite official encouragement, there has been inadequate response to recent AID tenders for fertilizer shipments to LDCs.

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Except for potash imports from Canada the US is a marginal net exporter of fertilizer. Much of the new capacity for nitrogenous fertilizer will be built near natural gas sources outside the US--such as the Middle East. The US may become dependent on foreign supply. We will need to manage and diversify our fertilizer dependence carefully to remain a reliable food supplier.

#### NEXT STEPS

AID programs to maximize production from existing fertilizer capacity in the LDCs, to provide technical assistance for constructing new plants, and to expand world fertilizer research are underway.

#### POPULATION

##### US STRATEGY/THE SITUATION NOW

Population growth is a world problem. But the solutions and most of the effort must be national. US strategy seeks expanding awareness of the population problem and commitment to effective action by national leaders. We strongly supported the work of the World Population Conference and pushed for a World Population Plan of Action calling for decreased birth rate targets which might enable the world to achieve population stability by 2050 at about 8.2 billion. Though a plan was adopted, it is less than we would have preferred.

Countries with some 75 percent of the world's population now accept population control efforts. However, even among countries which have severe population pressures the effort is highly uneven, and many countries, including Brazil, Argentina, Ethiopia, Nigeria, the USSR, Poland and Hungary in fact remain opposed. The built-in momentum of population growth inherent in the young age structure of rapidly growing countries is imperfectly understood. Thus in many countries there is incomplete intellectual and political commitment to population control efforts by governments and political elites.

In the past nine years the US has provided over \$600 million of population planning assistance. US strategy is to mount bilateral programs as requested by host governments (36 to date), and to work through multilateral and private

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organizations elsewhere. Supported activities include demographic data collection and analysis, research in factors affecting fertility behavior and control techniques, the provision of family planning services and information and manpower training.

#### ISSUES AND CHOICES

Efforts to promote family planning must be pursued by the US in a broad multilateral framework, which makes clear that the US is contributing its share to a program supported by a substantial segment of the world community. Within this context, the issue is how US diplomatic missions can most effectively promote a better appreciation of the population problem in contacts with governments and national elites.

#### NEXT STEPS

Interest generated at Bucharest should be translated into more aggressive government and private programs. Basically, the US needs to encourage this trend by being prepared to do more of what it has done for the past nine years. The AID budget in support of population activities in FY-74 was \$112 million. We are proposing \$137.5 million for this year.

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